



Billing Code 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 12-17)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English,
DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 12-17 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 2, 2012.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

JUN 26 2012

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 12-17, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Kuwait for defense articles and services estimated to cost \$49 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

William E. Landay III
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified Document Provided Under Separate Cover)



Transmittal No. 12-17

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Kuwait
- (ii) Total Estimated Value:

Major Defense Equipment*	\$ 39 million
Other	<u>\$ 10 million</u>
TOTAL	\$ 49 million
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: 300 AGM-114R3 HELLFIRE II missiles, containers, spare and repair parts, support and test equipment, repair and return support, training equipment and personnel training, U.S. Government and contractor logistics, Quality Assurance Team support services, engineering and technical support, and other related elements of program support.
- (iv) Military Department: Army (UMA)
- (v) Prior Related Cases, if any: None
- (vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None
- (vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex
- (viii) Date Report Delivered to Congress: 26 June 2012

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Kuwait – AGM-114R3 HELLFIRE Missiles

The Government of Kuwait has requested a possible sale 300 AGM-114R3 HELLFIRE II missiles, containers, spare and repair parts, support and test equipment, repair and return support, training equipment and personnel training, U.S. Government and contractor logistics, Quality Assurance Team support services, engineering and technical support, and other related elements of program support. The estimated cost is \$49 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country that has been, and continues to be an important force for political stability and economic progress in the Middle East.

Kuwait intends to use these defense articles and services to modernize its armed forces and expand its existing Army architecture to counter threats posed by potential attack. This proposed sale will also contribute to Kuwait's military goal of updating its capability while further enhancing its interoperability with the U.S. and other allies. This capability will serve to deter potential attacks against strategic targets across Kuwait, to include infrastructure and resources vital to the security of the U.S.

The proposed sale of this weapon system will not alter the basic military balance in the region.

The prime contractor is Lockheed Martin Corporation in Orlando, Florida. There are no known offset agreements proposed in connection with this sale.

Implementation of this proposed sale will not require the assignment of U.S. Government or contractor representatives to Kuwait.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 12-17

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The highest level for release of the AGM-114R3 HELLFIRE II is Secret, based upon the software. The highest level of classified information that could be disclosed by a proposed sale or by testing of the end item is Secret; the highest level that must be disclosed for production, maintenance, or training is Confidential. Reverse engineering could reveal Confidential information. Vulnerability data, countermeasures, vulnerability/susceptibility analyses, and threat definitions are classified up to Secret.

2. Susceptibility of the AGM-114R3 HELLFIRE II to diversion or exploitation is considered low risk. Components of the system are also considered highly resistant to reverse engineering.

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